

DIRECTORATE OF INTELLIGENCE

WEEKLY SUMMARY

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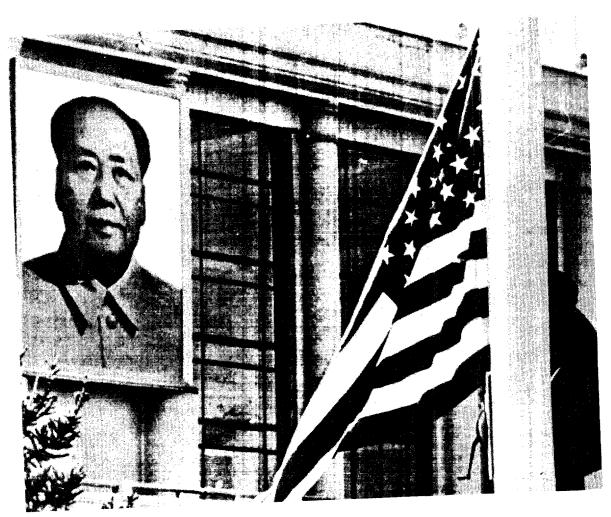
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Hanoi and the Summits

The North Vietnamese have yet to comment officially on President Nixon's trip to China, but the Hanoi press has made it clear that the North Vietnamese are worried about the possibility of big-power deals on Indochina, in Peking or in Moscow. Privately, the Vietnamese Communists have been even more fretful. During the recent anti-war conference in Versailles, the Vietnamese delegates complained that Hanoi was caught in a squeeze. "Chou En-lai is too interested," they said, in the US to concern himself with Vietnam, "except in speeches." They expressed fears that the war would be settled in Peking. A number of

other North Vietnamese leaders, including party First Secretary Le Duan, have betrayed similar concern over the implications of the summits.

They are obviously worried that, in agreeing to summit talks with the US, Hanoi's patrons in Peking and Moscow, inadvertently or not, are helping the US to distract attention from the Vietnam issue. Indeed, in Hanoi's eyes the aura of good will being emphasized by both Peking and Washington in coverage of the President's visit undercuts the militant, hostile stand against the US that Hanoi has been at such pains for so long

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to encourage and tends to spotlight Hanoi as a hold out against the new trend of reasonableness in the Communist world. But beyond this the Vietnamese seem genuinely concerned that China or the Soviet Union might make a deal with the US at their expense. Such a concern sows doubts about the triangular relationship with Moscow and Peking that forms the cornerstone of Hanoi's foreign policy. A key goal of North Vietnamese diplomacy has always been to ensure an adequate flow of moral and material backing from China and the Soviet Union without coming under the thumb of either. Up to now Hanoi has been more or less successful in playing Moscow and Peking off against each other because each has been ready to vie for influence in Indochina, andmore important-because neither has been willing to see the other become dominant in Hanoi.

Other factors, of course, have had a bearing on Hanoi's relations with its two patrons. Over the years the North Vietnamese have had to face up to Moscow's dealings with their American adversary. Hanoi evidently has learned to live with this behavior-helped to do so, perhaps, by the continuing flow of Soviet assistance to North Vietnam. Up to now, however, the North Vietnamese have not had to make similar allowances for the Chinese. The establishment of contacts between Peking and Washington has clearly reopened the question of Chinese motivation, and it may be this, feeding on the old legacy of distrust, that accounts for the shrillness of Hanoi's reaction. The Chinese have worked hard to persuade the Vietnamese that Peking's backing is as strong as ever, and Hanoi may learn to tolerate Peking's big-power waywardness as it has Moscow's. Still, so long as the North Vietnamese are determined to achieve their maximum political objectives in Indochina, they will be tempted to read the worst into Peking's motives and will remain hypersensitive to any change in the political environment which might limit their freedom of action or reduce their leverage on world opinion.

These concerns are not, of themselves, likely to lead to a basic shift in Hanoi's approach to the

two big Communist powers. That might happen if Moscow or Peking seemed about to give up competing for influence in Indochina. The continuing series of "supplemental" aid agreements being signed with both parties suggests, in fact, that the competition is very much still on. The recent expressions of concern in the North Vietnamese press may even be designed in part to prompt a more positive response from both allies that would confirm the value of Hanoi's traditional balancing act.

But no matter how successful they are in this effort, the North Vietnamese will probably never be able to convince themselves that their world is what it was prior to the first tentative feelers between the US and China. In part, of course, their changing perspectives are due to international shifts which predate the announcement of the US-China summitry. In addition, after so many years of war, the North Vietnamese may simply be taking more seriously the prospect of a post-war environment in which regional contacts will become a more important complement to Hanoi's relations with the great powers. Hanoi's recent tentative feelers toward such countries as Japan and India may be part of an effort to hedge bets against the eventual outbreak of peace in the area.

Without the extra incentive provided by the changes in big-power relationships, however, it seems unlikely that Hanoi would be pursuing the new possibilities for international exchange and cooperation as vigorously as it has been. In pursuing new contacts abroad Hanoi cannot, of course, hope for the kind of material aid it has gotten from Moscow and Peking; nor can it realistically expect such countries as Japan or India to come out four-square behind North Vietnamese objectives on the war. But it may well have decided that an effort to expand its international ties would be advisable and opportune, not only as political and economic insurance for the future but also as a way of reminding its two major allies that they can no longer take their role in North Vietnamese affairs for granted and had better look to their basic long-term interests in Hanoi. 25X1

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MINTOFF: TO THE BRINK AGAIN

Prime Minister Mintoff insists on more money and has suggested a meeting with Prime Minister Heath. In letters to Heath on 17 and 23 February, Mintoff renewed his demand for an additional, one-time payment of \$13 million. He stuck to his position on how many Maltese the British should employ and how much they should be paid. He also raised the question of British aid to improve the Malta drydocks as part of a settlement. London had offered the previous government \$7.8 million to improve the drydocks, payable in 1974 when the original defense and financial arrangements were to have lapsed.

Heath has agreed to a meeting, but has asked for a working-level session first to reduce the number of issues requiring decisions by the principals. Heath reaffirmed the UK-NATO financial offer, the allied position on foreign military use of Malta, and the broad outlines of the British position on the remaining bilateral issues. Mintoff told the US ambassador on 22 February that the British position was "unacceptable" and that he believes only a high-level meeting can close the gap. He claimed to have two alternatives—presumably Libya and the USSR—to a continued British presence. He acknowledged, however, that acceptance of either option might provoke violent disturbances in Malta.

There is no reason to believe that Mintoff has found a politically viable alternative to the final UK-NATO offer of \$36.4 million annually,

plus bilateral aid. Mintoff apparently wants an agreement with the UK, but his inflated view of Malta's worth, his increasing domestic strength, and his strong belief that the Maltese have long been exploited by the British leave him at present temperamentally incapable of compromise.

On the domestic front, Mintoff, who has capitialized on growing Maltese nationalism, is in complete control. His sharp criticism of British negotiating tactics and attitudes has helped to consolidate his Labor Party support and has won over many apolitical, but anti-British, Maltese. Moreover, Mintoff's success in squeezing more money out of the UK and NATO at almost every stage of the talks so far has probably convinced moderate Laborites to continue their support, despite misgivings over his tactics.

For the present, Mintoff has neutralized the opposition Nationalist Party and the politically influential Catholic Church. The Nationalists seem mesmerized. They are reluctant to criticize Mintoff, believing that, if the talks fail, Mintoff could accuse them of hampering the government's efforts, and that, if the talks produce an accord, the Nationalists could be portrayed as having been willing to give in for less than Mintoff got.

The involvement of Archbishop Gonzi, the island's conservative Catholic primate, in a futile mediation effort last month and Mintoff's 25X1 subsequent calls on the religious leader have given the outward appearance that Gonzi is fully briefed and supports the government.

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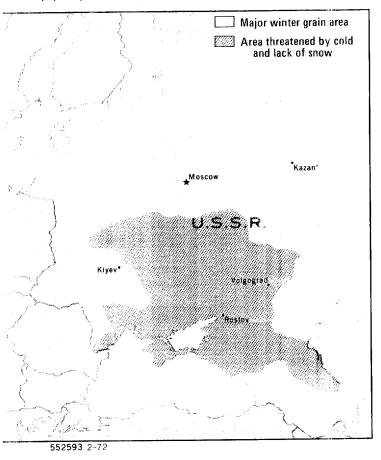
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Cold Hits Soviet, East European Crops

Severe cold and scanty snow cover threaten winter crops in the Soviet Union and Eastern Europe. Winter grains usually account for almost 50 percent of the USSR's bread-grain production. They constitute roughly 90 percent of the total in Eastern Europe.

Abnormally low temperatures hit the heart of the Soviet winter grain belt in mid-January, and there was little snow cover to protect the seedlings. The Soviet press admitted damage to the grain in "a number of areas" and that some reseeding would be necessary. An unusual one-day conference of party and government leaders called in Moscow last week to discuss spring field work and the livestock sector probably reflects the leadership's concern about crop prospects this year.



Similar weather conditions prevailed in 1969 when about one third of the winter grains sown failed to reach maturity. The Soviets have lost a large portion of their winter grain about every fourth year because of harsh weather. Losses have risen as higher yielding but less hardy varieties have been adopted.

The extent of the damage this year will depend on the weather to come. That part of the crop not yet affected is vulnerable because the lack of snow cover continues and soil moisture is declining. Losses of winter grains can be recouped in part by reseeding with spring grains and by heavier fertilizing of the surviving winter grains. Resowing requires an additional expenditure of seed. Moreover, yields of spring grains are generally less than those of winter grains, and a severe winter often lowers the yields of the winter grains actually harvested. If the winterkill proves to be as extensive as in 1969, the net loss would amount to about four percent of the planned grain crop, or seven million tonsalmost as much as the USSR has arranged to import this fiscal year. Last week, Soviet foreign trade bank officials admitted that further imports may be necessary.

Throughout Eastern Europe low levels of precipitation since last fall combined with a two-week period of sub-zero temperatures in late January probably caused an above-normal amount of damage to winter crops, particularly the less hardy barley and rape crops. A recent warming trend may have melted the already sparse snow cover, in which case damage from a new freeze in the coming weeks would be even more serious.

Although much of the damage to winter grain can be alleviated through reseeding this spring, normal or above-normal precipitation will be required in the coming weeks to overcome the soil moisture deficit. Lacking that, output of small grains will be substantially down from the levels of 1971, and East European requirements for grain imports-most from the USSR-would exceed the current relatively high levels.

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Indochina

SPRING CAMPAIGN SPUTTERS

Communist military activity picked up last weekend, and small-scale harassing actions continued through the week. But, so far, no large Communist main-force units have been involved. Rocket and mortar attacks struck several allied air bases and provincial capitals, as well as a number of South Vietnamese field positions and outposts, but ground assaults were confined primarily to small outposts defending remote villages and hamlets.

Some of the increased fighting was the result of aggressive allied patrols and field operations designed to disrupt enemy preparations for a new offensive. Several stiff battles erupted in the northern provinces, where a considerable number of enemy troops were reportedly killed. South Vietnamese forces were placed on full alert on 19 February and intensive artillery and air strikes are under way to pre-empt enemy plans.

Thus far, the level of Communist attacks is well below what enemy battle preparations would have indicated.

the enemy high command may be allowing subordinates greater flexibility in the timing of attacks this dry season compared to some previous years.

BACKING OFF IN CAMBODIA

Lon NoI has temporarily backed off from replacing Chief of State Cheng Heng and assuming the prerogatives of that office himself.

Lon Nol had been urging the Constituent Assembly to approve a new constitution by mid-February providing for the office of presi-

dent. There were even plans under way for demonstrations in support of such a move.

If he had persisted, he could well have revived political tensions in Phnom Penh, especially among his many critics who would likely have



interpreted his haste as further evidence of an increasingly authoritative and arbitrary manner. When the assembly failed to act by his deadline, the prime minister was prevailed upon to wait until the constitution is formally completed, possibly by the end of February. To quiet speculation that Cheng Heng would be replaced or that a cabinet shuffle was under way, the prime minister

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authorized publication of an official denial that any major government shakeup is imminent.

IRREGULARS LOSE MOMENTUM IN NORTH LAOS

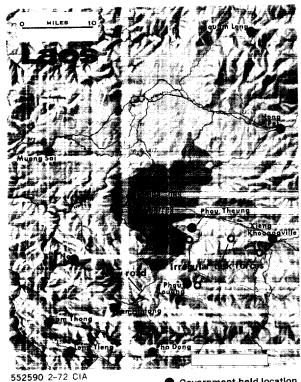
Stiffening Communist resistance has slowed Vang Pao's jab south and east of the Plaine des Jarres. In a clear effort to protect vital supply lines, the North Vietnamese are launching sharp probes and shelling attacks against the irregular forces. One irregular task force moving against suspected 130-mm. gun positions on the southern edge of the Plaine has been forced to retreat to the area southeast of Phou Louang, while another force has made little progress toward the high ground at Phou Theung. The two other task forces have encountered much less resistance, but they have made only slow progress toward objectives near Route 4.

The irregulars thus far have done little damage to the Communists' logistic operation, but their presence near the Plaine des Jarres has relieved somewhat the Communist pressure against Long Tieng and Sam Thong. The level of enemy-initiated action near these bases has been uncommonly light for the past two weeks.

With the

number of Communist troops diminished, irregular units have been able to patrol more aggressively, and small forces have moved down the north slope of Skyline Ridge to probe enemy positions.

The battle for Long Tieng, however, is not over. Air observers report that the Communists may have extended the new road from the southern Plaine to within four miles of Long Tieng. If the Communists can quickly disperse Vang Pao's forces near the Plaine, they could use the road to



Government-held location
 Communist-held location

redeploy additional troops toward Long Tieng and more easily move supplies forward for an assault before the rainy season begins in mid-May.

To and Fro on Talks

Souvanna Phouma took a generally conciliatory tone in his response to Souphanouvong's recent message on talks. Souvanna indicated that he is willing to receive the Communists' special envoy in Vientiane to open a "constructive dialogue" as soon as possible and reiterated his standard refusal to call for a bombing halt as a precondition. Souk Vongsak, the Communist envoy, probably will return to Vientiane fairly soon. Productive negotiations, however, seem as remote as ever.

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Manila Weighs China Ties

The Philippines may be preparing to broaden contacts with China. Mrs. Marcos' younger brother, Benjamin Romualdez, who has been used as a presidential emissary in the past, recently made a ten-day visit to Peking that has been widely interpreted as laying the groundwork.

The Romualdez trip was a marked departure from Manila's studied avoidance of the Chinese and a major step in the slow weakening of the Philippines' traditional aloofness from the Communist world in general. Manila announced last month that it would establish its first diplomatic ties with Communist countries—Yugoslavia and Romania. The mission to Peking coincided with statements from Manila of an intention to seek closer trade and political relations with Communist countries.

Romualdez probably did raise the question of opening trade channels in his talks with Pre-

mier Chou En-lai. According to the Manila press, sources close to Marcos claim the Chinese have agreed that trade could develop even in the absence of diplomatic relations. Although early diplomatic ties with Peking now seem unlikely, Manila recognizes the need for eventual movement in this direction given what it sees as a declining US commitment in the western Pacific.

The Manila press is speculating on a possible visit by Mrs. Marcos to China this year. There is no other evidence that such a trip is under active consideration, but the Marcoses may have decided that it would help repair their damaged political prestige after the poor showing of the Nacionalista Party in off-year elections last November. A journey to China by Mrs. Marcos would, in any case, clearly accelerate the move toward closer cultural and economic ties and would pave the way for additional steps in the future.

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JAPAN AND MONGOLIA: GETTING TOGETHER

Tokyo and Ulan Bator established diplomatic relations last week and intend to exchange ambassadors within a few months. While Japan gave de facto recognition to Ulan Bator in 1961 by supporting Mongolia's entry into the United Nations, Tokyo had in recent years been reluctant to move much ahead of the US on establishing relations

Japanese to recognize Ulan Bator for some time, and Foreign Minister Gromyko probably pressed the case during his recent visit to Tokyo.

Japan's decision to move at this time reflects declining concern with Taipei's interests and a belief that the action will not adversely affect the improvement of relations with Peking. Following

the announcement, the Nationalist Chinese registered only a pro forma protest, reiterating their claim to Mongolian territory.



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World Money: The Dollar is Firm

This week, the dollar has stabilized, at least temporarily, in international currency markets, and European central bank intervention has subsided. The Reuters index of major currencies shows an over-all dollar depreciation since the Smithsonian currency realignment of 1.1 percent, a level midway between the dollar's central rate and the lower limit of its wider band. Two currencies, the Belgian franc and Dutch guilder, are very near their ceilings. The German mark and Japanese yen are about 1.6 and 1.8 percent, respectively, above their central rates. Central banks in these countries have intervened in moderate support of the dollar over the past few weeks. Although the German interventions have been the largest, they were made chiefly to demonstrate a willingness to defend the Smithsonian currency alignment. Japanese dollar purchases have been intermittent and primarily to smooth out daily market fluctuations. On Thursday, however, Tokyo reimposed some controls to stem the inflow of dollars.

Several factors have contributed to the firmness of the dollar, including the businesslike Senate hearings on raising the price of gold, which dampened speculation against the dollar. Perhaps more important have been reports that Germany may lower its bank rate and require German firms to deposit a portion of their foreign borrowings in interest-free domestic accounts, thereby increasing the real cost of borrowing abroad.

The reported consideration by West Germany—Europe's most ardent defender of free capital movement—of implementing such restrictions reflects a growing belief in Europe that controls on capital movement will be required to defend the Smithsonian currency realignment. Foreign central banks are willing to purchase limited amounts of dollars, but if massive speculative flows were to resume, they would probably impose strict controls on movement rather than absorb substantial quantities of dollars.

French Government Under Attack

Until recently, the largely divided opposition parties in France had little political ammunition to fire at the government. The economy is in good shape and Prime Minister Chaban-Delmas has kept students and labor pacified. The controversy over alleged irregularities in Chaban-Delmas' tax returns, however, and criticism of Gaullists implicated in other scandals have given the opposition new life.

The government, greatly embarrassed, fears that such publicity will cut into the Gaullist majority in the parliamentary elections this spring. The government is in no immediate danger, and President Pompidou does not wish to dismiss Chaban-Delmas. Although the prime minister has not regained the degree of public confidence he enjoyed six weeks ago, he has had some success in fending off criticism. Given this remaining support and the prime minister's cordial links with the centrists, who lend tacit and sometimes open support to the government, Pompidou has good reason for keeping Chaban-Delmas in office—at least for the present.

Since defending himself on television last week, Chaban-Delmas—with full support from Pompidou-has continued to proclaim his personal integrity and to speak out for government policies. By supporting the prime minister, Pompidou hopes to minimize the electoral impact of the tax affair and other scandals. Nine separate cases involving fraud, abuse of public confidence, influence peddling, extortion, and outright theft surfaced in 1971. A common thread running through all the scandals is a connectionsometimes explicit and sometimes tenuous between those accused and the Gaullist party. Only a few Gaullists are involved thus far, and, on the basis of what has been uncovered to date, critics cannot accuse the Pompidou government of widespread corruption. There are persistent rumors, however, that ranking Gaullists are implicated in more serious abuses.

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Problems Face Geneva Arms Conferees

The 26-nation Geneva disarmament conference resumes on 29 February, but prospects for agreement on any of the likely issues do not appear good. There is no indication as yet that the Chinese plan to attend, although their admission to the conference received strong support at the UN General Assembly last fall. If they decide to show up, they will likely insist on ending the US-USSR co-chairmanship, letting in third-world countries sympathetic to their views, and considering such propagandistic proposals as "no first use" of nuclear weapons. Should the Chinese take part, the French will likely be asked again to sit in; they have left their chair empty for ten years.

A prime question facing the conference this year will be a ban on the development and stockpiling of chemical weapons. The non-aligned, in particular, want such a ban to follow up the convention on biological weapons, which will be opened for signature next month. The US has gained some support for its argument that verification measures are not yet sufficient to permit an international accord on chemical weapons.

The other prominent topic is the perennial one of a comprehensive nuclear test ban. The Soviets continue to reject on-site inspection. Several NATO allies and Secretary General Waldheim

now appear inclined to accept the Soviet position, with international exchanges of seismic data as a possible back-up to national means of verification. Moreover, many non-nuclear states seem to regard a comprehensive ban as logical at this time. However, no significant progress will be possible until the long-standing US-USSR impasse over verification is broken.

The Geneva conferees have managed one significant agreement in three of the last four years, and pressures will be strong to keep up the pace. Progress at Geneva this year would undercut support for convening the unwieldy all-member UN Disarmament Commission or holding a world disarmament conference, as proposed at the General Assembly last fall. Further progress toward putting into effect the safeguards required by the Non-Proliferation Treaty would also improve the international climate on disarmament matters. The third round of negotiations between the IAEA and EURATOM on these safeguards was held in Vienna this week. The outcome of these negotiations will have an important bearing on whether the five EURATOM non-nuclear states—as well as Japan—will eventually ratify the Non-Proliferation Treaty.

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UN MARITIME TALKS RESUME

The General Assembly's seabeds committee reconvenes in New York on 28 February to prepare for the 1973 Law of the Sea conference. The Chinese Communists will participate in committee work for the first time. Peking does not appear to have a fully developed policy on the complex maritime subjects as yet, but its statements to date suggest that it will support coastal state claims to extensive territorial waters and the seabeds below. This week, for example, Peking officially recognized Argentina's 200-mile territorial waters claim.

Conferees at the New York session must agree on a list of issues for the 1973 meeting. Spain—which wants more control over passage through the Straits of Gibraltar—has joined the South American states to prevent progress in hopes of obtaining more support for their positions. Other participants, however, are now more inclined to draw up an agenda for 1973. With regard to territorial waters, a consensus may be developing for agreement on a 12-mile limit, with coastal states having some control over resources and pollution problems in a broader zone.

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Hungary: Still the Conservatives

Party leader Kadar is trying to fight off conservative attacks on his moderate reforms. Although the conservatives have some support from Moscow, Kadar is threatening to act against those who get out of step. He has flown to Moscow to remind the Soviets that, by backing the conservative faction, they invite instability in Hungary, where the population is volatile and potentially anti-Soviet.

The conservatives have seized on balance-ofpayments and investment problems as ammunition to attack further economic and political reforms. some of the attacks are coming from within the central committee. Zoltan Komocsin, an opportunist politburo member, allegedly wants to abandon the reforms and hew more closely to the Soviet model. On 3 February, the Soviets lent support to the conservatives with an article in Pravda warning about Hungarian susceptibility to nationalist and Zionist deviations. Pravda also pointedly reminded Budapest of past problems with younger, overly liberal party members who were promoted over "veteran Communists."

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On 10 February, Kadar personally stepped into the quarrel. At a Budapest party meeting, he emphasized that he was in control and seconded demands for action made by one of his loyal protegés, Karoly Nemeth. Nemeth had said that officials at all levels who ignore or distort the party line should be demoted. He also warned against using Soviet-style anti-Zionism—Nemeth candidly called it "anti-Semitism"—to attack Jewish liberals, some of whom are close to Kadar.

On 11 February, Kadar began three days of talks with Brezhnev in Moscow. Kadar probably told the Soviets that his domestic policies are "the only possible way" to build a stable Communist system in Hungary. This argument has succeeded in the past and still carries weight. Kadar won Soviet support and although the communiqué after the talks alleged a "complete identity of views," it is doubtful that Kadar overcame either



Kadar: To Be Persuasive

Soviet misgivings about his reforms or the Kremlin's affinity for the Hungarian right.

Moscow reportedly is unhappy with Budapest's increased indebtedness to the West and with its occasional failure to deliver contracted goods to the USSR. There are more practical ways for the Soviets to register these complaints than by direct interference in Hungarian internal affairs. A Soviet delegation will discuss long-range economic cooperation later this year and the pressure inherent in such talks should help keep the Hungarians in line. In fact, the current difficulties will be read in Budapest as a go-slow sign on innovations.

There are long-range stakes in the conservative challenge to Kadar. If he permits any questioning of his basic policies now, chances for a smooth succession would all but disappear. Kadar's decision to turn to Nemeth for support at this time indicates that Nemeth is a prime contender to succeed the 60-year-old party chief.

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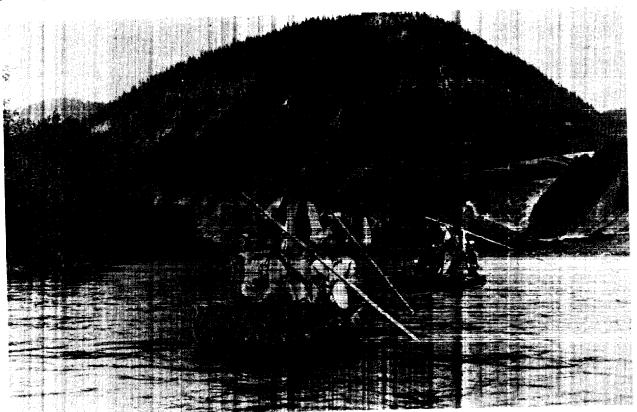
Open Roads in Eastern Europe

Poles, East Germans, and Czechoslovaks in large numbers are taking advantage of new agreements that minimize passport and customs formalities. They poured across the borders in record numbers last month. All that the Poles and East Germans now need to cross into each other's territory for three-month periods are their personal identity documents. Since 1 January their governments have dramatically relaxed currency restrictions and have virtually abolished reciprocal customs duties and declarations.

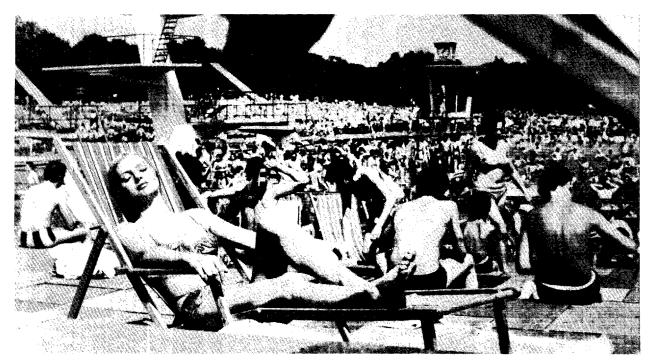
A similar agreement between East Germany and Czechoslovakia went into effect on 15 January; a third such arrangement between Poland and

Czechoslovakia will be completed in April. During the first three weeks of the Polish - East German agreement, over a half-million East Germans visited Poland, and 350,000 Poles went to East Germany. These exchanges far surpassed total tourist traffic between the two countries for all of 1971.

The new travel arrangements are designed to popularize the East German and Polish party leaderships and to relieve people's frustrations. Some East German disappointment over the failure of the Berlin agreement to provide for greater travel to the West, for example, may be softened by easier travel to the East. A Polish survey reports



Tourists in Poland



Resort in East Germany

that 83 percent of the Polish population has an urge to travel abroad. Poles have been told that the new travel arrangements will satisfy this urge, and the Polish consumer is being told that access to East German commodities will be a vast improvement over the drab selection at home. Indeed, Polish women are being encouraged to shop in Berlin, which for many Poles is far closer than Warsaw.

The regimes may indeed be substituting liberal border-crossing regulations for what they know they cannot offer in the near term. Thus, in the absence of any real freedom of expression or any hope of a solution to the chronic housing shortage, the new travel arrangements are billed as a significant manifestation of individual freedom that "widens one's living space."

Forecasts in the Polish press that all the European socialist countries, except Albania, will

conclude open-border agreements in 1972 seem overly optimistic. The practical problems associated with a flood of tourists—accommodations, transportation, and food—are already creating difficulties. Last week, Prague banned the export of certain foodstuffs and consumer goods by tourists because of short supplies.

In addition, many authorities doubtless have serious political reservations about the experiment in Eastern Europe's northern tier. For them, the massive response in mid-winter probably has added to misgivings about what summer would bring. Hungary already has announced a wait-and-see attitude and has voiced apprehensions over uncontrolled tourism. Indeed, control is the key factor; Eastern Europe's leaders have not yet resolved the problem of how to relax certain restraints without fostering demands for additional liberties.

USSR Draws Close to Arab Clients

The Soviet Union is devoting an unusual amount of attention to its position in the Middle East, particularly in Egypt, Iraq, and Syria, which receive more than half of all Soviet military assistance to the third world. Moscow's relations with these states, often troubled, have been disturbed lately by Arab distrust generated by Moscow's alleged support for the Communist coup in the Sudan last summer, its support for India in the defeat of Muslim Pakistan, and its lukewarm support for Sadat's ambitious aims. Moscow is moving to overcome these obstacles.

The USSR had been particularly cautious in developing ties with Iraq and Syria because of misgivings about the stability of those regimes. The Kremlin apparently believes at this juncture that Baghdad and Damascus have their internal affairs in the kind of order that would permit the USSR to benefit from more visible signs of support. Iraq and Syria, for their part, are edging away from their traditional isolation within the Arab world and are interested in better ties with the USSR.

The Soviets signed large military and economic aid agreements with Baghdad in the past year. Last week's visit to Moscow by Saddam Tikriti, the current strong man in the Iraqi Government, strengthened these ties. The Baghdad press has announced that a treaty of friendship and cooperation will be signed in April when an impressive Soviet delegation is due to visit Iraq to dedicate the North Rumaila oil field, a Soviet aid project.

The communiqué winding up Tikriti's visit was marked by some Iraqi movement toward the Soviet position favoring a "democratic solution of the Kurdish problem." The Soviets have long urged the Iraqis to at least pay lip service to greater political participation for the Kurds and the Communists. The communiqué did not endorse a political settlement in the Middle East,

however, and the Iraqis apparently did not yield to the Soviets on this point.

This week, the Soviets sent Kiril Mazurov, politburo member and deputy chairman of the Council of Ministers, to Syria at the head of a delegation of high-ranking military and economic officials. On 22 February, the two sides signed the first cooperation agreement between the Syrian Baathist and Soviet Communist parties.

Soviet Defense Minister Grechko returned to the USSR on 21 February from four-day visits to Egypt and Somalia, where the armed forces depend on Moscow for nearly all of their military assistance. Neither visit yielded any announcement of new aid commitments, but in both places Grechko reaffirmed Moscow's support for continued military cooperation. The presence of several high-level Soviet military officials with Grechko in Egypt suggests that his visit there was not a routine affair. The Soviets may have undertaken a comprehensive review of Cairo's military needs, as well as those of Moscow's own forces operating in the Middle East.

The announcement that Libyan Deputy Premier Jallud would arrive in Moscow on 23 February suggests that Tripoli may receive more Soviet military equipment. President Qadhafi has criticized the Soviets at every opportunity and has worked hard to limit the Soviet presence in the Mediterranean. But like other Arab leaders, he realizes that the Western states do not deliver arms as willingly or as cheaply as the USSR. Jallud has taken part in Soviet-Libyan arms talks before.

Military assistance remains the common denominator in all of these Soviet-Arab contacts. Arms aid has built Moscow a position of influence in the Middle East at the expense of the West and has given the Soviets access to ports, airfields, and other facilities for their expanded military presence.

25X1

Egypt: Patience, Peace, Palestine

Over the past ten days, Egyptian officials have been stressing the need for patience in the present trying period while attempting to lay the blame for some of the country's problems on "outside elements."

President Sadat and other high Egyptian officials focused on meetings of the national party congress. He again pointed up the dangers of impatience to the congress, declared the Arabs have other equally effective weapons beside the threat to use Arab oil as a weapon against the US and Israel, and acknowledged that relations between Egypt and the Soviet Union might be subject to differences. Sadat characterized these as minor and maintained that there were no strings attached to Soviet aid.

The President directed another warning at Egypt's students, stating that he would not allow study time to be devoted to anything but study. The repeated warnings, which he has demonstrated will be backed by the use of force when necessary, along with measures designed to undercut student grievances apparently have had the desired effect for the moment. Cairo's universities reopened last weekend with no incidents reported.

Egyptian officials have sought to deflect criticism from the regime by blaming foreign spies



and saboteurs for some of Egypt's problems. The arrest of three alleged Israeli agents, accused of distributing anti-government leaflets to incite student demonstrators last month, was announced this week. The discovery of another group of anti-government intellectual activists was also publicized, their goal allegedly being the overthrow of the Egyptian and other Arab governments.

The hearings of the four Palestinians accused of assassinating Jordanian Premier Wasfi Tal also gained widespread attention in Cairo during the week. The four defendants publicly admitted the killing, but claimed it was a legal commando action to do away with an "Arab traitor." If, as indicated, the trial turns into a public indictment of King Husayn and his policies toward the fedayeen, Egyptian-Jordanian relations, already cool, will be further damaged.

Meanwhile, UN envoy Gunnar Jarring arrived in Tel Aviv on 25 February on his tour of Middle East capitals. He spent three days in Cairo last weekend before proceeding to Nicosia and Amman. In addition to discussing the general state of diplomatic play, the Egyptians probably used the visit to sound him out on his interest in playing a role in the US-proposed "proximity talks" with Israel on an interim Suez arrangement. Jarring, for his part, probably would be interested.

Amman, on the other hand, would prefer that Jarring focus more attention on Jordanian interests in the Arab-Israeli problem. The Jordanians have chafed at his concentration for over a year on the Egyptian-Israeli negotiating impasse. They probably pressed Jarring to ask Tel Aviv to set forth its terms for a settlement on the Jordanian aspects of the dispute.

Israel is unlikely to be forthcoming on either of these schemes. In recent months, Tel Aviv's dissatisfaction with Jarring has been evident, and the Israelis would be reluctant to spell out their terms vis-a-vis the Jordanians.

25X1

The Arab World

THE FEDAYEEN STRIKE AGAIN

The seizure on 21 February of a Lufthansa Boeing 747 by the fedayeen was the latest incident in the Palestinian terrorists' campaign against Western economic interests. Although the fedayeen who commandeered the aircraft identified themselves as members of "the Organization of Victims of the Zionist Occupation," they are probably members of either Fatah, the Popular Front for the Liberation of Palestine, or the Popular Democratic Front for the Liberation of Palestine, all of which have been involved in hijackings. The latter two organizations have long had close ties with the Yemen (Aden) government, where the plane was forced to land. The perpetrators allowed the plane and its crew to continue their flight on the 23rd despite an earlier demand that a number of Palestinians allegedly arrested by West German police be released first. Press reports from Beirut claim a \$3 million ransom had been paid by Lufthansa. If the reports are true, the fedayeen will be emboldened to carry out still further hijackings.

PALACE COUP IN QATAR

Sheik Ahmad ibn Ali al-Thani, frequently an absentee ruler, was deposed on 22 February by his cousin, Sheik Khalifa ibn Hamad al-Thani, the heir apparent and prime minister.

The ouster took place while the former ruler was in Iran on a hunting trip. Shortly after the change of leadership was announced, Sheik Khalifa increased the salaries of security force personnel and other civil servants and canceled debts due the government from low-income purchasers of public housing. He has also announced that the former ruler's income, which allegedly amounted to 25 percent of the state's revenues, will be transferred to the general budget. There has been no opposition to the turnover.

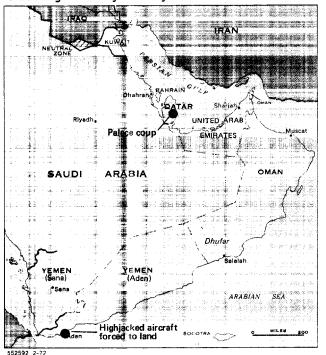
The two cousins were at odds during the mid-1960s, but their relations seemed to have settled down in recent years. Sheik Khalifa had

responsibility for running Qatar on a day-to-day basis, while the ousted ruler spent much of his time abroad. The ruling family is large—numbering perhaps 500 male members—and well armed. Some members have a reputation for undisciplined behavior, so the new ruler will have to make certain he has the support of the various branches of the family.

The 3,000-man public security force, divided between military and police components, is made up largely of Saudi and Yemeni mercenaries. It is commanded by Muhammad Mahdi—born Ronald Cochrane—a former British officer converted to Islam. The public security force has shown no sign of becoming involved in domestic affairs.

This is the second move within a month against rulers of the nine Persian Gulf sheikdoms. In late January, the ruler of Sharjah was killed during an abortive coup led by a former ruler. Although family rivalry was involved in both

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incidents, there is good reason to believe that other Arab states were implicated in the coup attempt in Sharjah. The Qatar coup was solely internal and appears free of ideological significance.

ISLAMIC FOREIGN MINISTERS TO MEET

A conference of Islamic foreign ministers will begin in Saudi Arabia on 29 February. About 30 states are expected to be represented at this, the third conference since 1970. The five-day meeting is being held under the aegis of the Islamic Secretariat, a creation of King Faysal designed to promote Muslim solidarity, rally international Islamic support for the Arab position, and—not incidentally—enhance the Saudi monarch's prestige.

Previous conferences have produced acrimonious debate cloaked by final communiques bland enough to satisfy the diverse interests of those represented. Little in the way of substantive achievements have come out of them. The prosaic formal agenda of this conference includes the establishment of an Islamic development bank and a news agency. It is likely that the Indo-Pakistani conflict and the Iranian occupation of the Persian Gulf islands will be discussed, along with such perennial topics as Palestine and the "liberation" of Africa.

MOROCCO: SOWING THE WIND

After months of procrastination, interrupted by intermittent consultations with the political opposition, King Hassan has at last moved toward sharing some of his powers with the government and parliament. In the process, the King has thrown his opponents off balance and increased confusion in their ranks.

Late last week, Hassan announced that a nationwide referendum, now scheduled for 1 March, would be held to approve certain constitutional amendments. He said these would involve the direct election of two thirds of parliament, the indirect election of the other third, and provide increased but balanced powers for the "executive" and legislative branches of government.

The King reserved for himself all the prerogatives of a chief of state, including appointment of the government, dissolution of parliament, and amending—subject to referendum—the constitution. Once again, he claimed the mandate of the people.

While these proposals on the surface appear to give significant authority to the government and parliament, they fall far short of meeting the basic demands of the opposition National Front coalition, which seeks a constitutional monarchy with circumscribed powers. Carefully avoiding outright rejection, the front registered "astonishment" at the King's announcement. The front declared that the King's new constitution, "regardless of the positive elements it might present, does not respond to the demands of the situation or constitute a valid solution." Five days later, it announced it would "abstain" during the referen-

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The King's behavior over recent weeks may in the long run help create new difficulties for him. His power base has been narrowing for the past decade. Both students and labor are restive—the former have boycotted their classes almost continuously since early this year and the latter seized on the relaxation of economic controls last fall to engage in prolonged and repeated strikes to

gain more benefits.

25X1

Greece-Cyprus: No Solution Yet

The Greek Government and President Makarios are retreating cautiously from the edge of violence. The recent events on Cyprus have surfaced some very basic disagreements between the Archbishop and Athens, however, and it will take intensive care to mend this rift. Meanwhile, a trivial incident on the island could lead to rash action.

The Greek regime, since the take-over in 1967, has failed to convince Makarios that Athens, being the center of Hellenism, has a right to advise him on Cypriot matters. In Makarios' view, this is interference in Cypriot internal affairs. The Archbishop's major concern has been to protect his position as the political and religious leader of the Greek Cypriots in the face of increasing political pressure from Athens. Other factors contributing to the ill-will between Makarios and Athens include the Greek-Turkish rapprochement over the past three years, Athens' and Ankara's renewed efforts to find a solution to Cypriot intercommunal problems, and the clandestine return of General Grivas to the island last September. All of these events raised Makarios' fears of a Greek or a combined Greek-Turkish attempt to force him to accept an imposed solution to Cyprus' problem.

The Athens government, until recently, made every effort to obscure these growing differences with the Archbishop. The number-one priority in Athens, however, has been to work for good relations with Ankara. The Turks have believed all along that Makarios is the real obstacle to permanent peace in Cyprus. The Czech arms issue provided Greece with a reason to accept the Turkish position, further improve Athens-Ankara relations, and put an end to Makarios' stubborn refusal to accept Greek primacy.

Nothing has yet come of Athens' threat last week of military action against Makarios. It is difficult to believe that Athens really accepted Panayotakos' claim that in a showdown the Greek Cypriots would support Greece over Makarios, but given the apparent high regard for Panayo-

takos in Athens, it is one possibility. On the other hand, both the Turkish chargé in Cyprus, Inhan, and the head of the Greek Cypriot House of Representatives, Clerides, say that the Greeks have spent a long time in preparing for the confrontation with Makarios, and they both believe the crisis has not passed.

In any event, now that the immediate threat has faded, the focus has returned to the Czech



arms issue. Makarios has not responded to Greek demands that he turn over the arms to the UN. Turkish concern for its community on Cyprus is likely to persist as long as this demand is not met, and Ankara may eventually insist upon a compensatory arms buildup for the Turkish Cypriots. Although the record of Greek-Cypriot relations favors some kind of negotiated settlement, as long as the arms issue remains unresolved, the situation on the island will remain explosive.

25X1

Bangladesh: Trials of a New Nation

Transport problems, raw material and food shortages, and labor difficulties are hampering economic recovery. The two major ports, Chittagong and Chalna, cannot handle the relief and rehabilitation imports that Bangladesh requires. They still are partially blocked, and clearing operations get more difficult as sunken ships settle farther into the mud. Undiscovered mines remain a hazard; on 12 February, an Esso oil tanker exploded and sank in Chittagong harbor. According to the UN, Chittagong port is handling only about one third of its normal 200,000-ton monthly capacity. The UN relief operation has chartered vessels and tugs to try to speed port clearances. There are 350,000 tons of inbound cargo alone clogging the docks.

Exports of jute and jute manufactures, the major foreign-exchange earners, are far below normal. Last fall's jute crop is estimated by the chairman of the Bangladesh Jute Board at only 4-4.5 million bales—more than 40-percent below normal. But transport bottlenecks preclude shipment of even this amount. About 70,000 tons of jute manufactures and 145,000 tons of raw jute reportedly are awaiting shipment at the two ports, and more is stocked elsewhere. Dock workers are causing further delays by refusing to load jute until each bale is relabeled "Product of Bangladesh." Large quantities of jute are being smuggled into India where the price is almost 20 percent higher.

The lack of skilled, technical, and managerial personnel is retarding industrial recovery, while urban unemployment is rising as unskilled workers flock to cities. In the jute industry, many skilled Bengali workers were killed during the civil war, and their Bihari counterparts are afraid of reprisals if they return to work. The large Adamjee Jute Mill, which normally employs 30,000 workers, is running at 15-20 percent of capacity with only 8,000 workers.

With the economy unable to provide sufficient employment, discontent among the Mukti Bahini guerrillas—who greatly outnumber the government security forces and in many cases are still armed—is likely to grow unless Dacca manages to

find enough places for them in the government bureaucracy, the new national militia, the army and police forces, or the country's educational institutions. For the most part, the guerrilla's have not seriously disrupted law and order in the two months since independence. Last week, however, two clashes, with gunfire and casualties, broke out between government forces and exguerrillas who felt they were being denied their rights and prerogatives as former freedom fighters. Additionally, reports of looting and extortion, both by genuine ex-guerrillas and by hooligans masquerading as Mukti Bahini, are becoming more frequent.

Raw material shortages are hindering industrial recovery. For example, only five of the 17 tobacco processing factories in Bangladesh, which employed over 34,000 workers, are operating. The rest are closed for lack of tobacco, which previously was imported from West Pakistan. The five will have to close by mid-March when their supplies run out.

The Bangladesh Government is helping the refugees returning from India—over 8 million are back in Bangladesh—and the estimated 20 million displaced persons within the country. Although Dacca has allocated \$22 million for reconstruction of the rural economy and \$41 million for immediate relief and rehabilitation, only \$7 million has been distributed so far. It is far from enough.

The UN estimates that Bangladesh will require 200,000 tons of imported foodgrains a month until the harvest next winter. The major winter rice crop, just harvested, was better than expected but still far smaller than in previous years. The spring crop is likely to be relatively poor because not enough fertilizer and farm equipment will be available. India has pledged 500,000 tons of foodgrains to be delivered by 1 June, primarily by overland and barge transport because of the port congestion. Two trains carrying 57,000 tons have already reached destinations in Bangladesh, and at least three more trains with foodgrains are en route from Calcutta.

25X1

SOVIET SHIPS LEAVE INDIAN OCEAN

The Soviets have begun withdrawing part of the naval force sent to the Indian Ocean following the outbreak of hostilities between India and Pakistan. Early this week, a guided-missile cruiser and a nuclear-powered cruise-missile submarine left the Indian Ocean, apparently returning to their Pacific Fleet bases. Two other surface ships and a submarine may soon be headed for the Malacca Straits en route to home waters.

Until the Indo-Pakistani war, the usual Soviet force in the Indian Ocean consisted of three surface combatants and a submarine. In response to the fighting on the subcontinent and the presence of a US naval task force in the Indian Ocean, the Soviets increased their force during December by eight combatants and nine support ships. Although the Soviets demonstrated readiness to augment their naval forces, the logistic requirements almost certainly strained their support system. As the tensions between India and Pakistan relax, the Soviets will probably continue to reduce the force level in the Indian Ocean.

25X1

Indian States Go to the Polls

Elections will take place in 16 of India's 21 states and in two of its six union territories beginning on 5 March and stretching over a seven-day period. Of these, eight are under the political control of the Ruling Congress Party, seven are under administrative control of the central government, and three have other than Ruling Congress governments. Prime Minister Gandhi's Ruling Congress Party is expected to win majorities in most states. Even in those areas where the going may prove difficult, Ruling Congress strategists expect enough votes to give the party a dominant position in a coalition government.

The Ruling Congress Party is fielding candidates in all the states and territories, and in every case Mrs. Gandhi has personally approved the slate. Only her candidates received "electoral tickets." This nomination process has shaken the party organization; many old-line leaders, dropped by Mrs. Gandhi, are running as independents. Nevertheless, Mrs. Gandhi's promise of a new and "progressive" era has strong appeal and the bulk of local Ruling Congress Party leaders will be loath to buck the tide. Mrs. Gandhi expects that the 1972 state elections will consolidate her control of the party organization at the local level in the same way that the 1971 national election consolidated her control of the central government.

For the most part, the opposition to Mrs. Gandhi is demoralized and fragmented. The opposition parties are concentrating their efforts in those states where they believe they have some chance of success and are not fighting the Ruling Congress on a nationwide basis. Still, their prospects appear bleak. The Organization Congress, which broke with Mrs. Gandhi in 1969, is plagued by infighting and has not succeeded in shedding its unpopular conservative image. The Socialist Party is unable to create a viable constituency from among those who find the Communist parties too extreme and the Ruling Congress too moderate. Hindu-nationalist parties such as the Jana Sangh have failed to compete effectively, especially in light of the government's recent victory over Pakistan. Conservative groups like the Swantantra Party continue to disintegrate in a nation avowedly "socialist," and regional parties are being pushed hard by Ruling Congress Party workers attempting to capitalize on the national euphoria induced by India's military success.

Nevertheless, all will not be smooth sailing for the Ruling Congress. In states such as violence-prone West Bengal, politically fragmented Bihar, and the Punjab—long ruled by the Sikh religious sect—the Ruling Congress has elected to hedge its bets by entering agreements

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with like-minded parties not to contest against each other in specified constituencies. In the majority of cases, the Congress has found it most convenient to team with the pro-Moscow Communist Party of India. By aligning with this "moderate" Communist group, Mrs. Gandhi succeeds in dealing a blow to their common enemy, the radical Communist Party of India/Marxist.

The pro-Moscow Communists hold only 24 seats in the 521-member lower house of Parliament to 258 for the Ruling Congress, and Mrs. Gandhi does not consider them a threat. She has undertaken to share power with them in West Bengal, but elsewhere she has been reluctant to tie the Ruling Congress to any coalition agreements. Although Congress strategists probably are considering the possibility of post-election coalition governments in some problem states, for the most part the party is going it alone. The prognosis for this strategy is good—as many as 30 Congress Party leaders in seven states have already been declared elected unopposed.

25X1

Congo: Ngouabi Still in Charge

President Ngouabi's extremist partners in his military-based coalition appear to be shattered in the wake of the confused events in Brazzaville on 22 February. An extensive purge and reorganization of the regime is expected.

Broadcasts over Radio Congo on the morning of 22 February accused army chief of staff Yhomby-Opango of trying to seize power in Brazzaville while President Ngouabi was in the coastal city of Pointe Noire. The radio then went off the air for several hours. It returned with a statement from Yhomby-Opango asserting his loyalty to Ngouabi and announcing that "in communication with" the President he had crushed a military plot by "ambitious" army elements under the leadership of extremist political bureau member, Ange Diawara. Ngouabi then returned to the capital and gave a radio speech. He repeated Yhomby-Opango's charges and stated that many arrests were being made.

The actual course of events during the day remains murky.

In any event, it is clear that Ngouabi is exploiting the situation to move decisively against the left

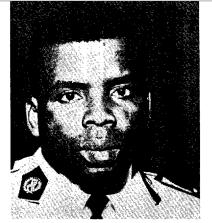
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wing of his regime. Virtually all of the country's prominent leftist extremists are reportedly under arrest or being hunted down. As of 23 February, Diawara evidently was still at large. Another important political bureau member, Ambroise Noumazalaye, and the popular militia commander are among the detainees.

Ngouabi has already made some changes in the army, and other moves to solidify his position are sure to follow. Meanwhile, Ngouabi has responded warmly to a congratulatory message from President Mobutu, which could presage a period of warmer relations with neighboring Zaire.



25X1



President Ngouabi

El Salvador: Disputed Election

The presidential election on 20 February was almost a draw between the two leading contestants. In the absence of official returns, the only certainties are that none of the four candidates won a majority and that, unless the military intervenes directly, the legislature will elect El Salvador's next president.

The left-of-center opposition is crying fraud; its allegations are based mainly on the tally in the Department of San Salvador, the area of its greatest strength. Leaders of the opposition coalition say the departmental count showed their candidate, Napoleon Duarte, running about two-to-one ahead of the governing party's Colonel Molina. Early figures released by the Central Electoral Council indicate a narrower margin—enough to give Molina, strong in rural areas, an over-all plurality. The council's delay in announcing offi-



cial results is taken by the coalition as "proof" that figures are being juggled to deny Duarte a victory.

The legislature is expected to decide early next week whether Duarte or Molina has won. There is no legal requirement that the decision be in favor of the person designated by the council as having received the larger number of votes. The Legislative Assembly is dominated by Molina's party (34 of the 52 seats), and it would normally be expected to elect Molina.

The situation has become far from normal, however, and the final decision will probably be dictated by the military, the number one source of political power in the country. A coup is a possibility, but a solution within the constitutional framework would entail fewer risks. Despite the military's distrust of the parties of the left and its anger over some of the coalition's campaign charges, the officer corps could support Duarte's succession under certain conditions if it becomes convinced that he actually won. Duarte would undoubtedly have to agree to complete disassociation from the Communists and a gradual approach to controversial subjects such as agrarian reform and unionization of rural workers.

Ecuador: Rodriguez Takes Hold

President Rodriguez has dealt successfully with the first major controversy within his administration. The dispute, which surfaced in his first week in office, was touched off when it became apparent he planned to act on his own, consulting only army colleagues, rather than through a government council made up of the commanders of the army, navy, and air force. The navy and air force commanders protested bitterly and resigned.

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Replacements have been named, and the council has been reorganized-at Rodriguez' direction—to remove another point of friction, this time between council members and Minister of Defense Aulestia. Aulestia took the position that he could not report to a government council made up of the three commanders while he was in theory their military superior. To solve this sticky question of protocol, each service chief now will designate a representative to serve on the council.

A third problem, the discrimination against the navy and air force in the allocation of cabinet posts, could cause continued resentment. The new commanders of the air force and navy probably will be somewhat stronger than their predecessors, but the army will continue to dominate the government. The new navy chief has been responsible for enforcing Ecuadorean policy against US tuna boats, but he reportedly has been helpful to US officials within the constraints imposed by that policy. The new air force chief reportedly is a political moderate who is friendly to the US.

The fact that Rodriguez won this initial showdown will increase his power in the short run; in any event, he can stay in office as long as he retains the support of important army units. At the same time, lack of military unity will hamper the execution of his policies. If, in the long run, the navy and air force become too obstructive, army officers who want to set Ecuador on a progressive course may replace Rodriguez with someone who can command wider support.

Uruguay: Opposing Bordaberry

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The electoral court has officially proclaimed Juan Maria Bordaberry president-elect of Uruguay after two and a half months of vote counting. Bordaberry does not begin his five-year term until 1 March, but his administration already appears headed for trouble with the Congress and hostile labor unions.

On the first day of its session, the new Chamber of Deputies chose a member of the Blanco opposition to be its leader. Although the new congressional alignment gives the Colorados a slim lead over the Blancos in both houses, members of the leftist Frente Amplio coalition reportedly supported the



President-Elect Bordaberry: **Headed for Trouble**

Blanco candidate. Voting in the Uruguayan legislature traditionally has been split among the numerous political factions rather than along major party lines, and efforts to obtain a majority probably will have to be renewed on each specific issue.

While congressional confusion has long characterized Uruguayan politics, Bordaberry's problems may be compounded by the animosity of his defeated Blanco opponent, Wilson Ferreira. Ferreira, who probably will head the largest Senate coalition, has denounced the election results as fraudulent. Bordaberry, however, is attempting to improve inter-party relations and has invited Ferreira and the other Blanco leaders to join his administration "in any form they find acceptable." The president-elect specifically requested Blanco collaboration on the major issues of public safety, education, and regulation of the leftist press.

In addition to these political difficulties, the Communist-dominated labor confederation has attacked the new president in its report on the labor movement, adopted late last month. Although this latest diatribe contains nothing new. it establishes the foundation for a continuation of the policy of repeated labor-government problems. A general work stoppage is scheduled for 14 March, at which time labor leaders will present their demands to Congress.

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Bordaberry and his running mate, Jorge Sapelli, were both strong supporters of President Pacheco and can be expected to follow the general lines of his conservative policies. Although Bordaberry has yet to establish a clear national image, he has maintained closer ties than his predecessor with other Colorado leaders, including Jorge Batlle, the head of the powerful Colorado List 15 group. One of Batlle's chief lieutenants appears certain to get the Economic Ministry.

production is a result of a conspiracy by the foreign firms, and the education minister linked recent student violence to interference by the oil companies. This latter charge was retracted fully only in Caracas' English-language daily.

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US-Venezuela Relations Strained

Compulsive politicking by the Christian Democratic administration is making it difficult to halt the deterioration of US-Venezuelan relations. Even though some leaders, notably businessmen, are unhappy with the trend, the Caldera government is working on the assumption that legislative and rhetorical assaults on the foreign oil companies are a fail-safe method of pleasing the general public. Caldera further seems to believe that the US, being inured to anti-American invective and in need of Venezuelan oil, has a high tolerance for this sort of surging nationalism.

Several anti-US incidents have occurred over the past two weeks for which the Caldera government has expressed regret, but largely for US consumption. The Christian Democrats, for example, officially deplored the burning of an American flag, though their youth organization is known to have been responsible and though a party leader gave a highly inflammatory anti-American speech at the burning. Also, the minister of mines has again charged that declining oil Caldera's own view was illuminated in an interview with a US journalist last week. Caldera judges that US energy requirements demand a secure source of fuel and that since Venezuela can fill this need, the US will continue to buy from Venezuela at least at the current volume. Given this necessary relationship, Caldera sees no reason why Venezuela cannot enjoy a guaranteed stable market for its oil "at prices comparable to those for petroleum produced in the US."

President Caldera also continues to tell the public that he plans no retreat from the nationalist position he has taken in defense of Venezuelan resources. This approach and the repeated denunciations of alleged pressure tactics by the oil companies do little to ease the strains in US-Venezuelan relations and may point to further trouble ahead. The next clue to the progression of bilateral relations is likely to surface in Caldera's state of the union message next week.

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Cuba: Looking at Guantanamo

Since last November, Castro's government has been showing unusual interest in the subject of the US naval presence at Guantanamo. The communiqué issued at the end of Kosygin's visit to Cuba on 1 November mentioned "US-encouraged hostile actions," and referred to the "unlawful presence of the North American military base at Guantanamo." Soon thereafter, the Cuban military magazine, *Verde Olivo*, made similar charges, and Havana television carried a special documentary along the same general lines.

In an apparent effort to drum up international support for the ouster of US forces from carrying members of Cuba's Union of Communist Youth on a ceremonial round-island tour and accompanied by a small gunboat intended to put in at Caimanera. There was good reason to suspect that such a plan, which would necessitate sailing through waters of the US naval base, had been engineered to dramatize Cuba's Guantanamo claim by provoking US authorities into denying transit to the Cuban gunboat. According to treaty arrangements governing the base, Cuban military vessels may not enter the US base. In any event, the merchant vessels bypassed the base and went on to Baracoa, and the gunboat turned back before reaching the entrance to Guantanamo Bay.



the naval facility, Castro told Chilean reporters in early December that he viewed the US presence in Guantanamo as a "dagger stuck in the heart." "There are many accounts to be settled and some day we will have to demand payment," he added. The only solution, he said, was for the US to pull out, since the "base served no purpose from a military point of view." Castro said, "We will let them stay in Guantanamo until they get bored." At a press conference in Guayaquil on 4 December, Castro commented that Cuba "is saddled with a United States naval base" and that the same situation occurs in Panama with the case of the canal.

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The most recent focus on Guantanamo came with reports that three Cuban merchant ships

Cuba continually monitors the activities of the base, and, because of increased security precautions by US forces, Castro may have elected not to create an incident at this time.

Although Havana is reiterating that Cuba intends to gain "rightful" control over Guantanamo at "the proper time" through legal and peaceful means, it is highly unlikely that Castro will undertake hostile actions against the base. But he may see psychological advantage in stepping up propaganda pressure and "other25X1 harassment" to build up a "legal case" for possible submission of the issue to the UN or some other international forum.

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Chile: Allende Strikes Back

President Allende will invoke his broad constitutional powers to fight the opposition's latest move to curb the nationalization of private industry. He will veto important sections of a constitutional amendment passed on 19 February that requires legislative approval of each nationalization. He insists that a two-thirds congressional majority is necessary to override his veto. The opposition claims that only a simple majority is required and that the President's only recourse thereafter would be a plebiscite on the issue which he would lose. Allende has declared that instead of a plebiscite his recourse would be to the constitutional tribunal. The recently established tribunal's decisions have most often accepted Allende's position, in part because Chilean constitutional law is vague, flexible, and favorable to presidential prerogatives.

Allende's crack legal adviser, former political conservative Eduardo Novoa, is a constitutional expert. He has dug up forgotten decrees issued by a short-lived Socialist government in the 1930s to facilitate some of the already effected nationalizations. He is the architect of Chile's legal position on nationalization of US conner integral.



Eduardo Novoa

zation of US copper interests and the justification for lack of compensation.

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DIRECTORATE OF INTELLIGENCE

WEEKLY SUMMARY Special Report

China's Role in Africa

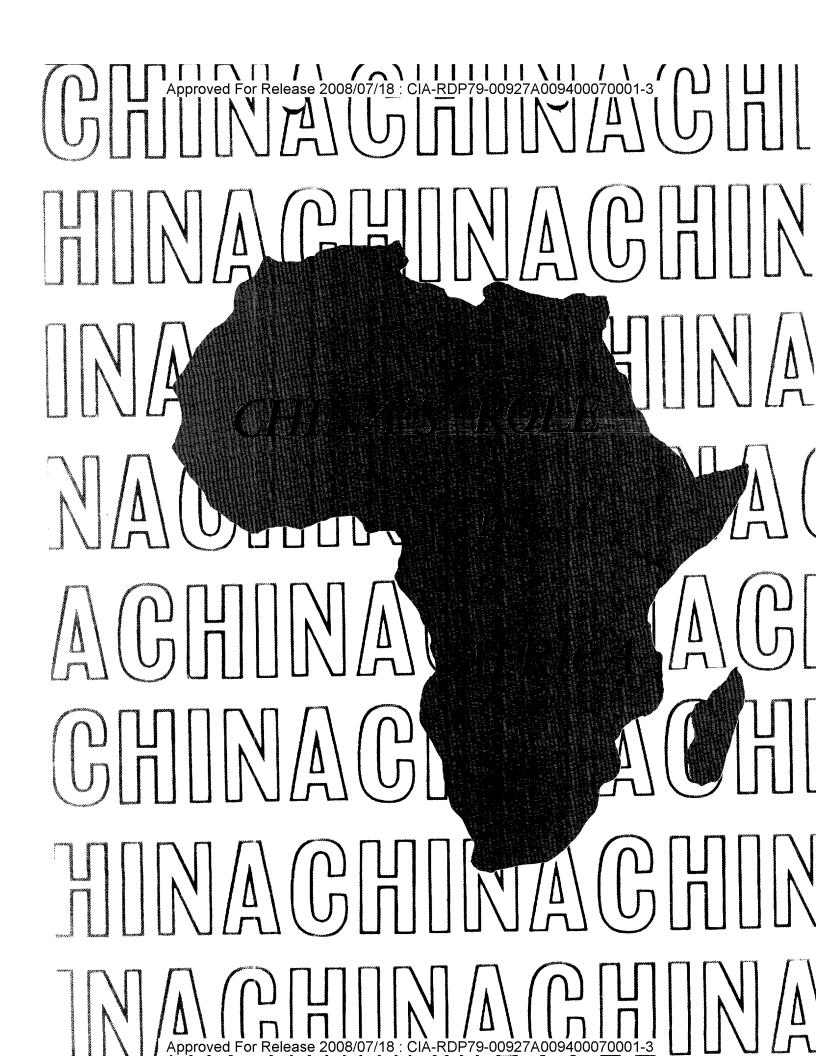
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After marking time for nearly five years, Communist China again is expanding its presence in Africa. Since October 1970, five African governments have established diplomatic relations with Peking. When the two others now in the process do so, the Chinese Communists will be ahead of the rival Chinese Nationalist regime in the contest for recognition. When the UN General Assembly voted to admit the People's Republic of China to the world body, Peking received most of the African ballots. Along with these diplomatic gains, there has been a considerable increase in Chinese economic aid to African nations.

Transforming such short-range political profit into long-term influence will depend on a number of factors: the effectiveness and continued generosity of Peking's economic aid, the ability of the Chinese to allay African fears of subversion, conditions and events within Africa, and Peking's ability to find issues on which China and the African regimes can unite. China undoubtedly will continue to give priority to its relationships with the US, the USSR, Japan, and Europe, but in Peking's effort to alter power relationships in the world, Africa has a definite, if limited, part to play.

The Early Years

Africa first attracted the attention of the Chinese Communists in the mid-1950s, when the European powers came under increasing pressure to grant independence to their colonies. Taking advantage of the surge in African nationalist sentiment, Peking stressed its opposition to imperialism, offering moral and, on occasion, material support to African national liberation movements. In May 1956, Egypt's President Nasir, sensing a potential source of support in his developing dispute with Britain and France over the status of the Suez Canal, became the first ruler on the African continent to recognize Mao's regime. Peking's aid to the nationalist rebels in Algeria paid off in 1962 when the newly independent government established diplomatic relations with China.

Peking's efforts to assert itself as a revolutionary model for African independence movements and to forge diplomatic, economic, and political ties with the more radical of the newly independent African states set the stage for increased competition with the USSR, and, as Sino-Soviet differences widened during the 1960s, rivalry for influence in Africa increased. Peking's

attempt to preserve its ideological purity and outbid Moscow in revolutionary appeal, however, soon adversely affected Chinese diplomacy. Once in power, most African nationalists, who welcomed Chinese political and material aid during their struggle for independence, gave a chilly response to the Chinese cries for continued social revolution that Peking felt compelled to sound as part of its contest with Moscow for ideological leadership of the Communist movement.

Nevertheless, as an increasing number of African colonies gained independence during the early 1960s, China stepped up its efforts to gain influence, mainly to match Soviet moves. The Chinese were also trying to counter the rival overtures of the Nationalist regime on Taiwan and reduce US influence on the continent. As Chinese diplomatic missions on the continent grew in number, a modest foreign aid program was inaugurated to woo African governments and enhance Peking's prestige. High-ranking Chinese leaders, such as Premier Chou En-lai and Foreign Minister Chen I, made personal tours in Africa. African delegations were encouraged to visit Peking, and promising African revolutionaries were cultivated and occasionally given training in

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China. By 1965, 15 African countries had diplomatic relations with Communist China.

Starting in 1965, China's steady, if modest, progress in Africa began to slow down. African leaders resented Chinese efforts to use them as political weapons in the widening quarrel between Peking and Moscow. A major reason for the cancellation of the Afro-Asian conference planned for Algiers in 1965 was the desire of many African leaders to avoid association with any Chinese effort to turn the meeting against the USSR. Peking's doctrinaire support of revolutionary action cast suspicion on its motives. In some cases, such as their backing of the radical Lumumba and Mulele uprisings in the Congo (now Zaire), the Chinese appear to have overestimated the revolutionary potential of the situation. Revelations—some of them concocted—of Chinese complicity in subversion aimed at overthrowing independent regimes, as in Burundi, alarmed many African leaders. Close Chinese ties with such national leaders as Ghana's Nkrumah meant that when those leaders were ousted, Chinese influence suffered.

Peking also discovered that diplomatic ties, modest Chinese economic aid, and ideological rhetoric were no match for the larger amounts of economic and military assistance available to African governments from Moscow and the West. In Algeria, for example, Peking was unable to compete with the large Soviet military and economic aid commitment. Nor was the prospect of Chinese political support on international issues attractive enough to win over more African regimes. Peking lacked the superpower status and political punch of the US or USSR.

African uneasiness over Peking's policies increased with the unfolding of the Cultural Revolution. The Chinese at that time appeared almost completely engrossed with domestic concerns and presented an image of internal instability. All of China's ambassadors, with the exception of the one in Cairo, were called home. In only one instance, however, was there a break in diplomatic relations between an African nation and Peking during the most tumultuous stage of

the Cultural Revolution. In 1967, after Tunisian complaints about Chinese propaganda activities and Chinese accusations that Tunsia wished to wreck relations, Peking closed its embassy. Peking was otherwise generally able to isolate its basic interests in Africa from the effects of the upheaval, although Chinese prestige and influence undoubtedly suffered. The major effect of the Cultural Revolution in Africa was to curtail the extension of new Chinese economic aid and to put a moratorium on further expansion of Peking's diplomatic relations. After Mauritania recognized Communist China in July 1965, no other African government entered into diplomatic relations with Peking for over five years.

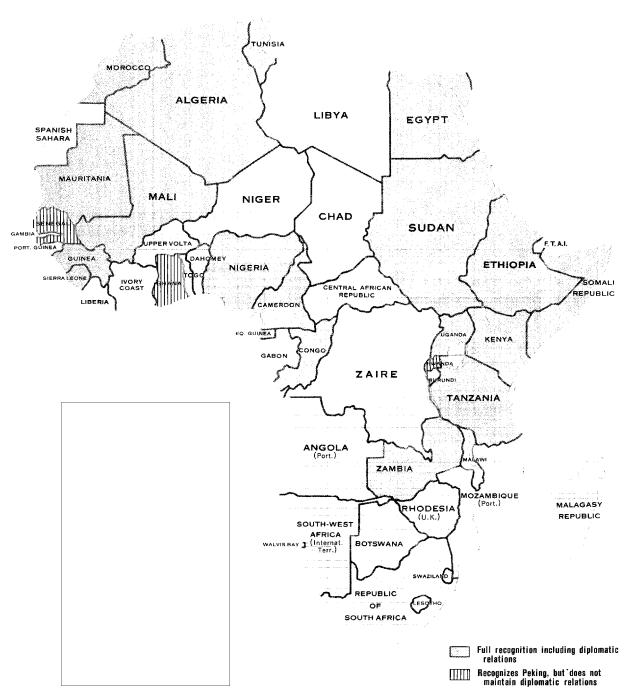
In 1969, the restoration of order at home and the adoption of a more pragmatic and flexible approach to foreign policy laid the groundwork for a renewal of China's campaign to increase its presence and influence in Africa. Chinese ambassadors began returning to their posts. Peking's economic effort on the continent was given new impetus; in 1970, China extended \$452.8 million in new economic aid to African regimes, far exceeding its previous aid to Africa. The commitment to finance and build the Tanzania-Zambia railway accounted for most of this total (\$401.2 million), but Guinea (\$10 million) and Sudan (\$41.6 million) were given a slice of the pie. Continuing its version of dollar diplomacy into 1971, China extended new economic aid to Somalia (\$109 million), Ethiopia (\$84 million), Sudan (\$40 million), Algeria (\$40 million) and Mauritania (\$20.5 million). In Mali, Peking indicated its interest in financing and constructing the \$100 million Manantalli dam project.

A New Approach to Revolution

Since 1969, Peking's answer to the problem of differences between the demands of its African policy conducted in a world of nation states and the demands of its revolutionary ideology has been to downplay the ideological factor and to operate on a more pragmatic basis. In effect, the goal of social revolution has been retained but put off into the indefinite future. Chinese policy now emphasizes the cultivation of good state-to-state

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African Countries Recognizing People's Republic of China



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relations with any government willing to recognize Mao's regime as the sole legitimate government of China. No ideological strings are attached, and Peking does not demand that other governments support its position vis-a-vis the USSR. Communist China's leadership apparently accepts the fact that non-Communist, nationalist regimes are in power throughout Africa and are likely to remain indefinitely. Naturally, the Chinese are pleased when an African regime adopts a radical position, as in Guinea or Congo (Brazzaville). Nevertheless, while publicly applauding such measures as the nationalization of various sectors of the African economy, Peking has demonstrated considerable private caution. Chinese officials have warned various African regimes of the dangers of going too far, too fast in remaking their economies. Chinese spokesmen also have reminded African leaders hungry for economic aid that China's capacity to help them is limited, implying that they should not cut themselves off from other sources of assistance.

China's adoption of a flexible, pragmatic policy emphasizing good state relations has paid off in wider acceptance of Mao's regime by African states. In turn, diplomatic recognition by African governments helps buttress the international legitimacy of the Peking government and undermine that of its rival on Taiwan. African regimes are encouraged to believe that they can do business with Peking without fear of Chinesesponsored subversion. In the long run, the Chinese obviously hope that increased international prestige and acceptance will be translated into support for Peking's moves directed at altering its power relationships with the US and the Soviet Union.

Peking loses no opportunity to establish the image of China as a champion of third-world—hence, African—interests against those of the two superpowers. Chinese propaganda hits hard on the theme that Washington and Moscow are "contending and colluding" in order to divide the world between them, that Soviet and US economic and military aid are given with ulterior motives, and that Afro-Asian (and Latin American) countries should "get united" to oppose the

schemes of the two superpowers to block the attainment of complete political and economic independence. Peking, which repeatedly pledges never to behave as a superpower, looks for concrete issues of importance to Africans on which China can take the lead. For example, China supports African anti-colonial moves in the UN, approved the Security Council decision to hold a session on African problems in Addis Ababa, and keeps up a drumfire of criticism against the white governments in Rhodesia and South Africa. If possible, Peking attempts to select issues that involve the interests of as wide a range of thirdworld countries as possible. Thus, Chinese support of the claim of several African countries to a 200-nautical-mile limit for territorial waters, a matter of even greater concern to most South American states, was included in the communiqué of July 1971 summarizing the visit of a government delegation from Sierra Leone. Later the same month, the communiqué marking the end of the visit of the Algerian foreign minister called for a "Mediterranean for the Mediterranean states," obliquely criticizing the presence of both the US and Soviet fleets in the area.

Current Chinese pronouncements stress the African states' struggle to protect their sover-eignty and interests in the face of "imperialism, neo-colonialism, and racism." Peking is fully aware of the damage done to its position in Africa by its past association with subversive movements. The Chinese quickly, and probably truthfully, denied charges made in the summer of 1971 by Uganda's President Amin that they were aiding exiled President Obote in his plans to return to power.

There is no good current evidence that Peking is offering material or propaganda support to any movements aimed at overthrowing black or Arab regimes in Africa. Indeed, as demonstrated by Chinese criticism of the Soviet Union's alleged meddling in the internal affairs of the Sudan, Peking is attempting to turn the tables on those who continue to label it subversive.

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Liberation Movements

China maintains the revolutionary basis of its African policy by supporting liberation movements directed against white rule in Portuguese Africa, Rhodesia, and the Republic of South Africa. Peking furnishes arms and training to the Mozambique Liberation Front (FRELIMO) based in Tanzania, and a small amount of arms have been given to the rebels in Portuguese Guinea. The FRELIMO leader, Samora Moises Machel, visited Peking in late summer 1971, and further Chinese aid probably was discussed. The Chinese have given limited amounts of aid to two smaller groups, the Mozambique Revolutionary Committee and the Partisan Liberation Union of Mozambique, in an effort to maintain wide contacts within the anti-Portuguese liberation movements.

The chairman of the Popular Movement for the Liberation of Angola made his pilgrimage to Peking in July 1971, and he may have secured promises of Chinese support in the form of supplies and training by Chinese instructors in Tanzania. The Chinese also have given token amounts of aid to the National Union for Total Independence of Angola. Peking furnishes funds and military training in Tanzania to the Zimbabwe African National Union, an organization seeking the overthrow of the present regime in Rhodesia.

Ideological and organizational splits have undermined the political and military impact of the various liberation movements, particularly those in Rhodesia, and Peking probably discounts their ability to overthrow colonial or white rule in the foreseeable future. After seeing their aid to various African revolutionaries frittered away in the early and mid-1960s, the Chinese apparently have decided to give only relatively modest amounts of aid to such groups, at least until these organizations prove to have created effective.

well-disciplined movements with a chance of eventual success.

Chinese influence among the African liberation movements faces several limiting factors. Many of the movements, such as in Portuguese Guinea, receive aid from the USSR which their leaders are loath to jeopardize. The thought of Mao Tse-tung may inspire some African leaders intellectually and emotionally and interest them as a general guide to military and political action in a "people's war," but none of these leaders is an out-and-out Maoist, and all are ardent nationalists. None of them appears susceptible to firm Chinese control, even if Peking should attempt to exert it. Finally, Chinese efforts to influence the liberation movements are restricted by the attitudes of the African states that play host to the rebels. For example, in view of Peking's efforts to court the Nyerere regime, it is highly unlikely that the Chinese would go against his wishes in dealing with FRELIMO.

Given these limitations, which are aggravated by China's remoteness from the scene of action, the Chinese are contenting themselves with being more of an inspirational force to the movements. Chinese propaganda stresses the necessity for each movement to be self-reliant, to build a base of local popular support, and to adopt its tactics to the local social and political environment.

The Chinese have no qualms about reducing or even abandoning their propaganda or material support of an African liberation movement, if such an action helps cement good relations with an African government. Peking ceased propagandizing for the Eritrean Liberation Front several months before China began recognition talks with Ethiopia, and, since the establishment of diplomatic relations, Peking has severely cut back and probably ended support for the Eritrean rebels. Suspension of aid, never very great in absolute terms, was one of the main conditions set by Ethiopia as the price of recognition, and the Chinese apparently paid the price with alacrity in order to gain a presence in an important

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African state. During Emperor Haile Selassie's visit to Peking in October 1971, the Chinese leadership emphatically reassured their guest that their aid to the Eritrean Liberation Front had ended.

African Communists

Peking's decision to accept the necessity of dealing with the existing African nationalist regimes is paralleled by a decision to write off as a potential source of support the few existing—and in almost every case illegal—African Communist parties. Most of the parties have generally been ineffectual and have lined up behind Moscow in the Sino-Soviet ideological split, making it easier for the Chinese to write them off as revisionists. Peking's utter indifference to African Communist parties is illustrated by its reaction to the fate of the Sudanese Communists. China did not join the Soviet and East European chorus protesting President Numayri's violent suppression of the Sudanese party.

The Chinese ambassador was the first foreign representative received by him after his restoration to power. Peking has nearly doubled its economic assistance to his regime and has signed a military protocol with Khartoum. Chinese national interest in gaining influence at the expense of the USSR in a major African state clearly overrode ideological considerations.

If Peking has written off the existing Communist parties, there is still the question of why the Chinese have made no great effort to encourage the formation of pro-Peking Communist movements in Africa. One deterrent to such a move is the bias toward "European Communism" in the African movement. Particularly in French-speaking Africa, most of the recruits to Communist or other ultraradical views have undergone ideological conversion under European influence. During the colonial era, the embryonic African Communist parties were in a sense an extension overseas of the Communist movements in the

metropole. An equally strong factor is Peking's view of the prospects of African Communism. The Chinese very likely do not regard the situation as ripe for the launching of African Communist parties, which in their view cannot be organized from outside but must evolve according to the circumstances in each state. Rather than engage in futile efforts to encourage chimerical Communist movements, Peking has chosen to support selected radical African leaders or nationalist movements and to await developments more favorable to the organization of pro-Chinese parties.

The Economic Sweetener

Since the renewed expansion of Chinese activity in Africa in 1970, most of China's new economic aid has gone to regimes that already have recognized the People's Republic. In part, this generosity is meant to impress African leaders who do not recognize China with the tangible benefits to be gained by good relations. Ethiopia and Equatorial Guinea concluded economic aid agreements with China within a year after recognizing Peking.

Peking

uses its foreign aid as more than just a lure for recognition. Provision of aid helps project an image of a dynamic, expanding, and modern Chinese economy that will serve both as an inspiration and source of help for underdeveloped nations.

The Chinese are well-suited by experience and the level of their technology to build basic projects—roads, railroads, dams, ports, light industry, and agricultural and medical facilities—so badly needed by many African nations. The technologically more sophisticated Western donors often will not match Peking's financial terms, which include mainly no interest credits with repayment over a long term following a

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substantial grace period. Chinese aid has been well received by most of its African recipients. The Chinese have a reputation for hard work, frugality, and living within the local economy. The scarcity of African complaints about Chinese ideological proselytizing in connection with the aid programs suggests that Peking is treading with circumspection. Moreover, the Chinese are willing to undertake economically dubious projects if they believe that the political gains will justify the burden.

China's economic competition with the West or the USSR is limited by its own economic deficiencies. In Africa, Chinese economic aid has surpassed that given by the Soviet Union in only seven countries.

Most African states also retain important economic ties with their former colonial rulers; there is still considerable French economic interest in west and central Africa, and the United Kingdom is an important trade partner for its former African possessions, including Tanzania and Zambia. Chinese aid activities, particularly in Ethiopia and Somalia, have succeeded in arousing Soviet apprehension. Moscow's representatives have attempted to blacken Peking's new pragmatic

image by recalling past Chinese association with subversion and, on occasion, by meeting the Chinese in head-on competition, as in Somalia, where the recent Soviet agreement to finance a large agricultural development project obviously is meant to offset increased Chinese economic aid.

Moscow's competition probably will not deter an increasing number of African regimes from seeking Chinese economic assistance in the future. Almost all African regimes profess to follow a nonaligned foreign policy, and acceptance of Chinese aid helps reinforce this image. Although there probably are few African leaders who have any illusions about China's ability to replace the West or the USSR as an economic patron, Peking's assistance is welcome, not only in its own right but also as a device to counterbalance any Western or Soviet presence, and as a bargaining tool with which to negotiate elsewhere for more aid on better terms. The Malian regime, for example, appears to be trying to play off China, France, and the USSR in an effort to secure greater economic aid.

Military Aid

Peking's use of military aid as a supplement to its larger economic effort is more sparing. Tanzania and possibly Sierra Leone are now the only African states dependent on China for most of their new military equipment.

The Chinese also are building a base for the Tanzanian Navy at Dar es Salaam and a major airfield. Chinese instructors provide military training in Tanzania, and Tanzanian naval and air force personnel have received military instruction in China.

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Apart from Tanzania, no African government has received large amounts of military aid from Peking since 1960. The agreement concluded in July 1971 between China and Guinea calls for Peking to supply only several small patrol boats and an undetermined amount of arms and ammunition. Despite the signing of a military aid agreement with Congo (Brazzaville) in September 1971—which will bring in Chinese tanks and "heavy equipment," and send some military personnel to China for training—the Congolese receive most of their military equipment from the USSR. The Chinese have been well received, however, garnering considerable prestige from a modest amount of aid.

Prospectus

Locked in a competition with the US and the USSR in the changing world power balance, Peking is likely to continue to take advantage of Africa's underdeveloped economies and endemic political instability to expand its influence and secure African political support. How well the Chinese do will depend on a number of factors. Fifteen years of expanding involvement in Africa have given Peking certain intangible assetsexperience in the area, contacts with several important African leaders, such as Nyerere and Kaunda, and a greater understanding of the region's complex social and political structure. These assets have not always been well used witness the setbacks dealt the Chinese during the mid-1960s—but Peking's increasing experience in Africa suggests that its policies and activities there are likely to become more sophisticated in the years ahead. The turn toward a pragmatic policy after 1969 has paid off in an expanding Chinese presence, yet Peking, by backing selected national liberation groups, has managed to retain its revolutionary aura.

Transforming these assets into long-term political gains is a more uncertain process. The Chinese must continue to make good on their promises of economic aid and to show African leaders that China's support is valuable in attaining their sometimes competing national objectives. A major factor shaping the future of China in Africa is, of course, the unpredictability of events on the continent itself. The fall of Nkrumah, which wiped out the political gains Peking had made in Ghana, and the failure last year of the attempted coup in the Sudan, which opened up a new opportunity for expanding Chinese influence, are cases in point.

So far, China's ability to influence developments in Africa has been very limited. No African regime or liberation movement appears about to adopt the Maoist model of society in toto, and, given the intensity of the African desire for independence, it is unlikely that any African regime will allow itself to become completely dependent on Peking. African leaders are more likely to become increasingly skillful in balancing the competing pressures from the West, the USSR, and China.

But as long as Peking supports important African objectives, avoids a repetition of meddling in subversive activities within black and Arab African nations, and offers cheap economic and military aid, it probably will continue to make modest gains.

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